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November 24, 2009

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Developing a Unified Intercarrier Compesnation Regime, CC Docket 01-92; High-Cost Universal Service Support, WC Docket 05-337; A National Broadband Plan for Our Future, GN Docket 09-51

Dear Ms. Dortch,

On November 23, 2009, Robert Quinn, Hank Hultquist, Joel Lubin, David Hostetter, Mary Henze, Saikat Sen, Cathy Carpino, and Christopher Heimann of AT&T and Colin Stretch of Kellogg, Huber, Hansen, Todd, Evans & Figel met with Carol Mattey, Mukul Chawla, Rebekah Goodheart, Elise Kohn, and Tom Koutsky of the FCC's Broadband Omnibus Initiative.

At the meeting, AT&T reviewed the attached material which provides data illustrating the current state of the traditional POTS business model. We discussed the downward trends evident in the data and how this decline endangers national broadband goals. In addition, we addressed the Commission's legal authority to shift the focus of its current universal service support mechanisms to programs that support broadband deployment and adoption. We explained that, in Title I and sections 230, 254, and 706 of the Communications Act of 1934, as amended, Congress has equipped the Commission with the tools necessary to restructure or replace existing mechanisms to ensure universal access to broadband for all Americans. Finally, we briefly outlined AT&T's proposed framework already in the record in the above proceedings for funding both fixed and mobile broadband in unserved areas of the country.

This notice is being filed pursuant to Sec. 1.1206 of the Commission's rules. If you have any questions please contact me at (202) 457-2041.

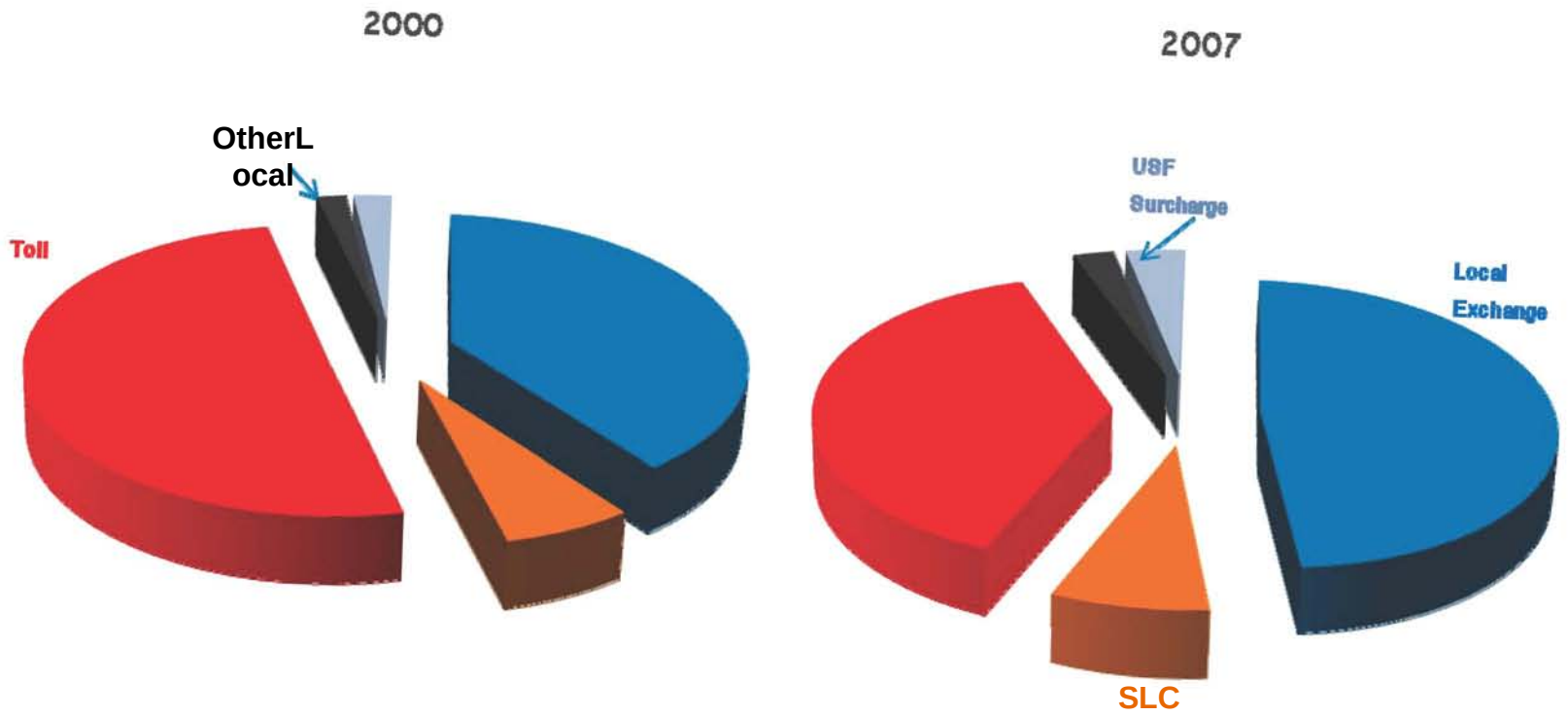
Sincerely,
/s/

Mary L. Henze

Cc: C. Mattey M. Chawla E. Kohn
T. Koutsky R. Goodheart


at&t

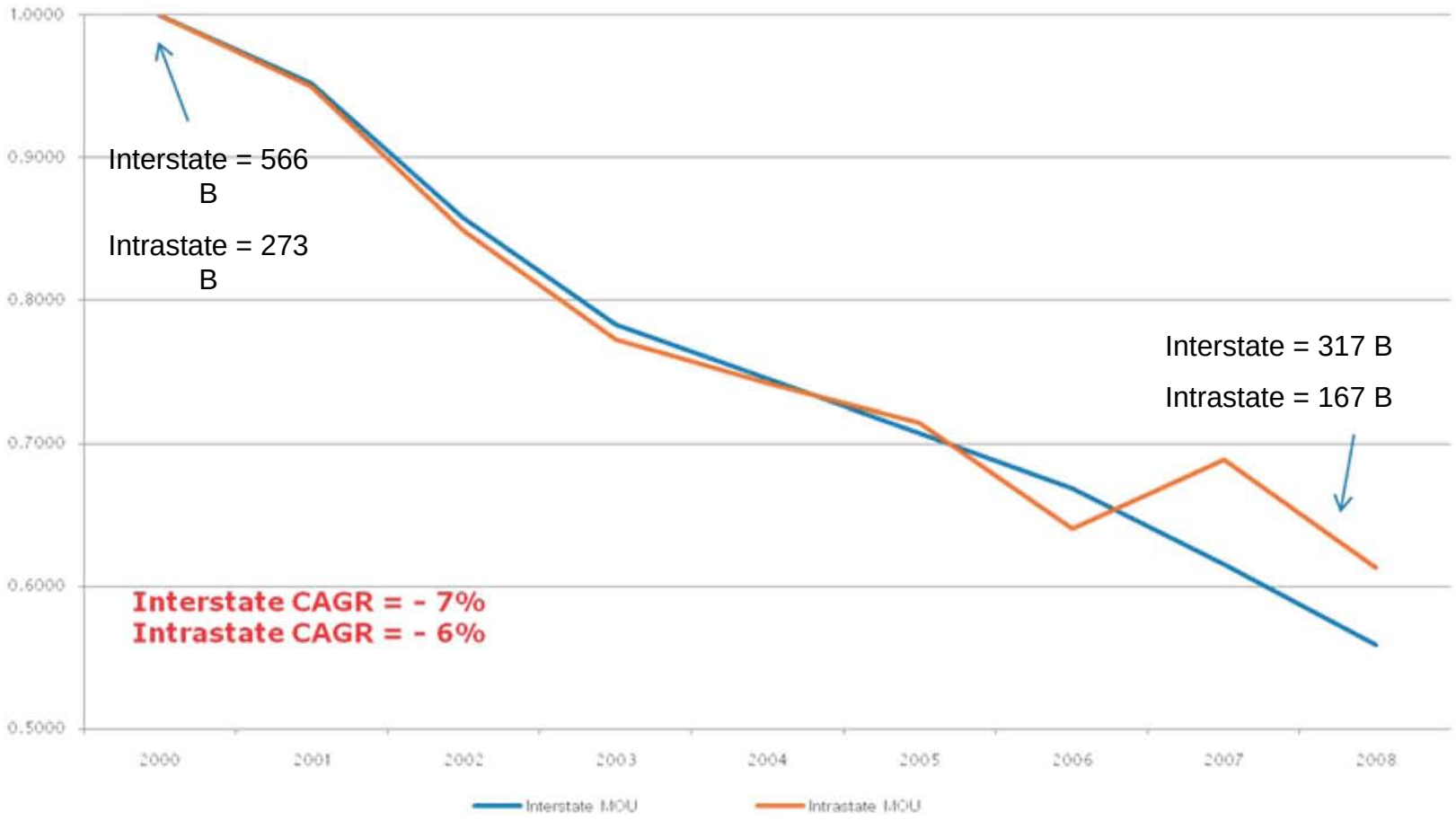
ILECs POTS Service Revenues – including Universal Service Surcharge Revenues



	2000	2007
Local Exchange	**$ 69.9**	**$ 62.8**
SLC	**$ 11.6**	**$ 10.1**
Toll	$ 89.9	$ 50.1
Other Local	$ 3.2	$ 3.2
USF Surcharge	**$ 4.0**	**$ 4.6**
TOTAL	$ 178.6	$ 130.8
Switched Access	$ 17.1	$ 10.5

Source: Table 2 of the Telecommunications Industry Revenue Report released September, 2009

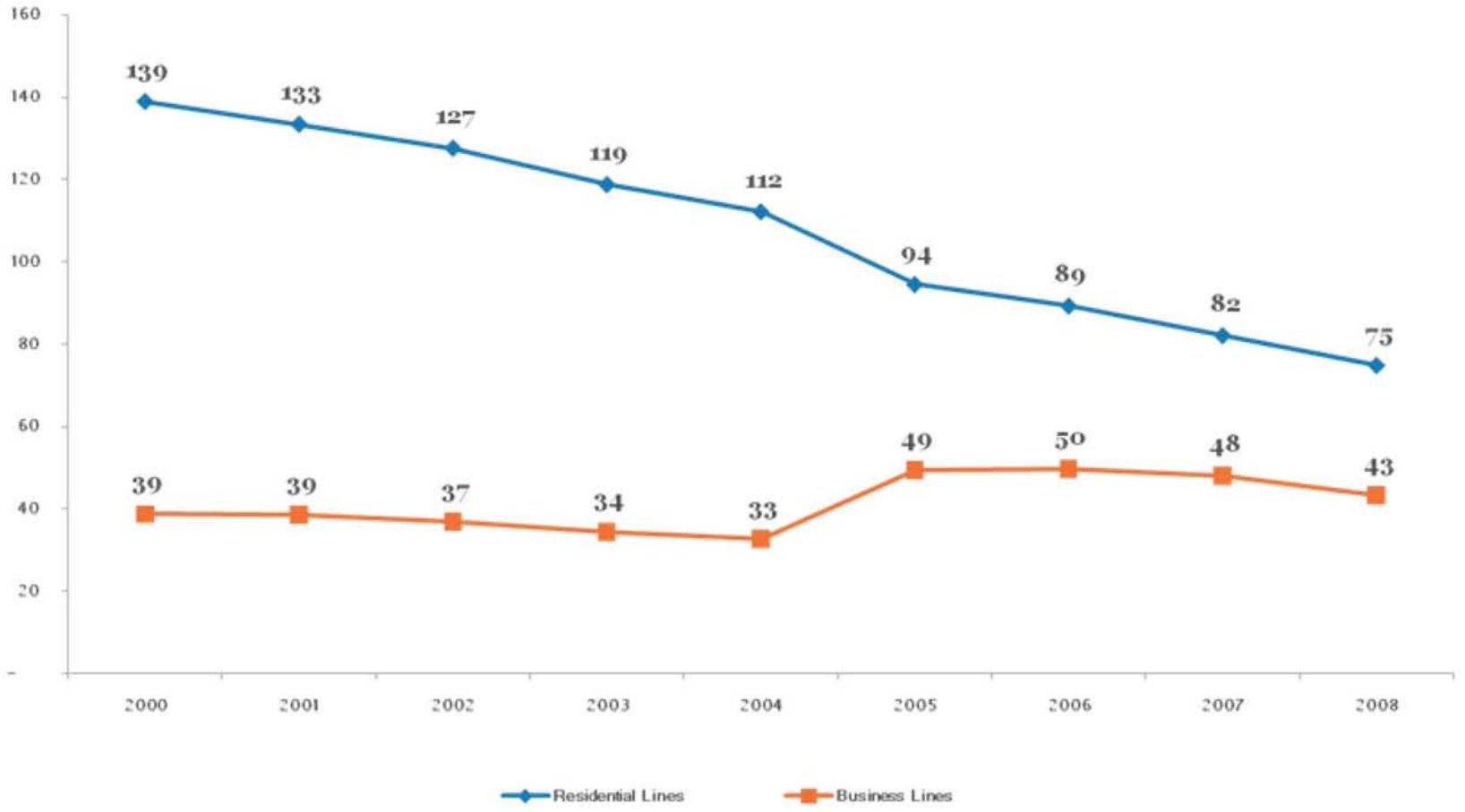
ILEC Switched Access Minutes
Index: Year 2000 = 1.0000



Between 2000 and 2008, Aggregate Switched Access Minutes per Line Has Declined by 13.2 %

Source: Tables 10.1 & 10.2 of Trends in Telephone Service report – supplemented with AT&T Model Estimates

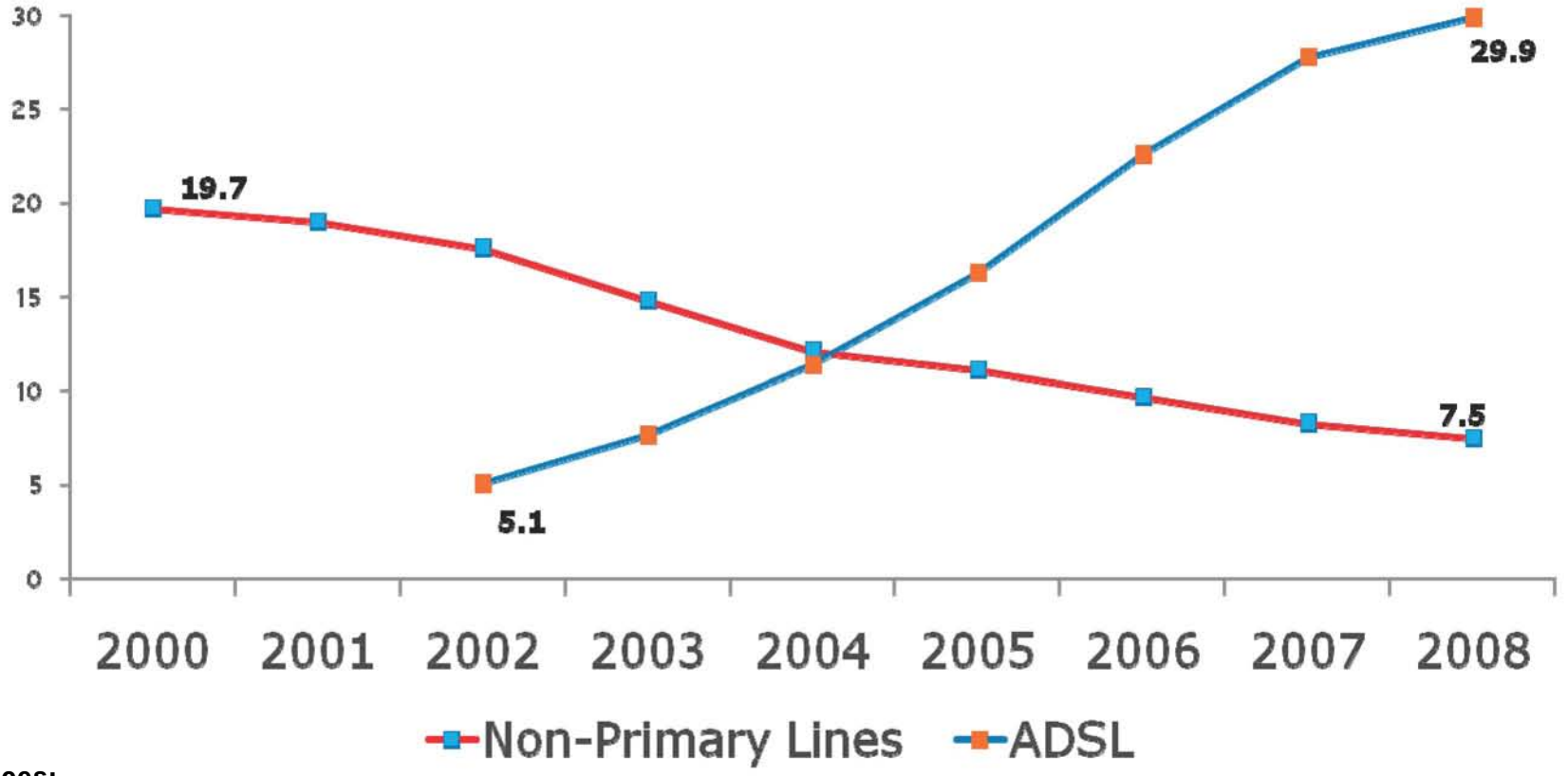
ILECs Switched Access Lines
(Data in Millions)



Note: Only ILECS with at least 10,000 lines were reporting through December, 2004. Beginning in 2005, all ILECs were required to report their lines. Starting 2005, Small (Single Line) Business Lines were moved from Residential to Business category

Source: Tables 8.2 of the Trends in Telephone Service report–supplemented with AT&T Model Data

Non-Primary Residential Lines v. ADSL Lines

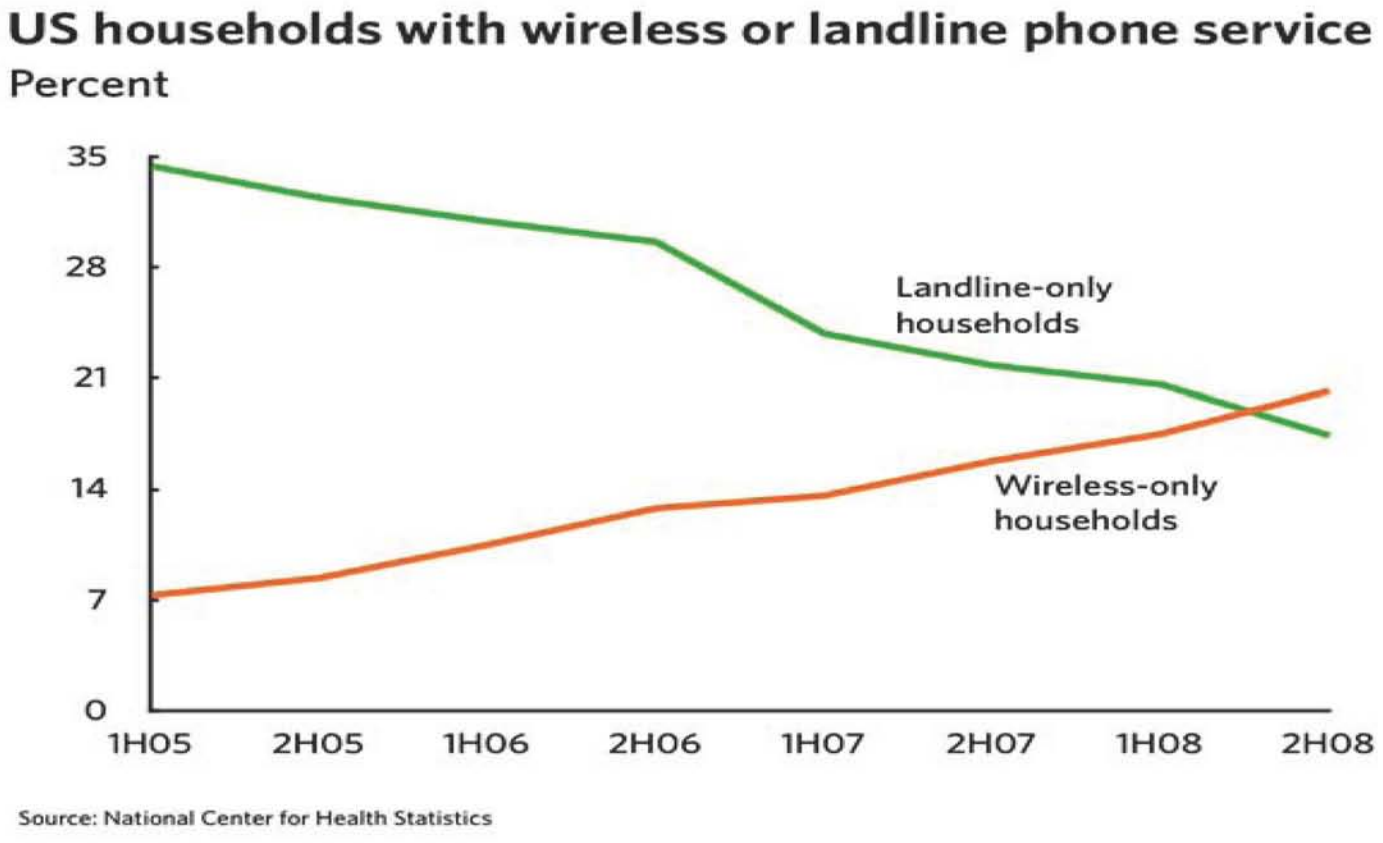


Sources:

-- ILEC Non-Primary Residential Lines Are from Table 1.3 of Trends in Telephone Service Report.

-- ADSL Lines (over 200 kbps in both directions) are from Table 1 of High Speed Services for Internet Access Report

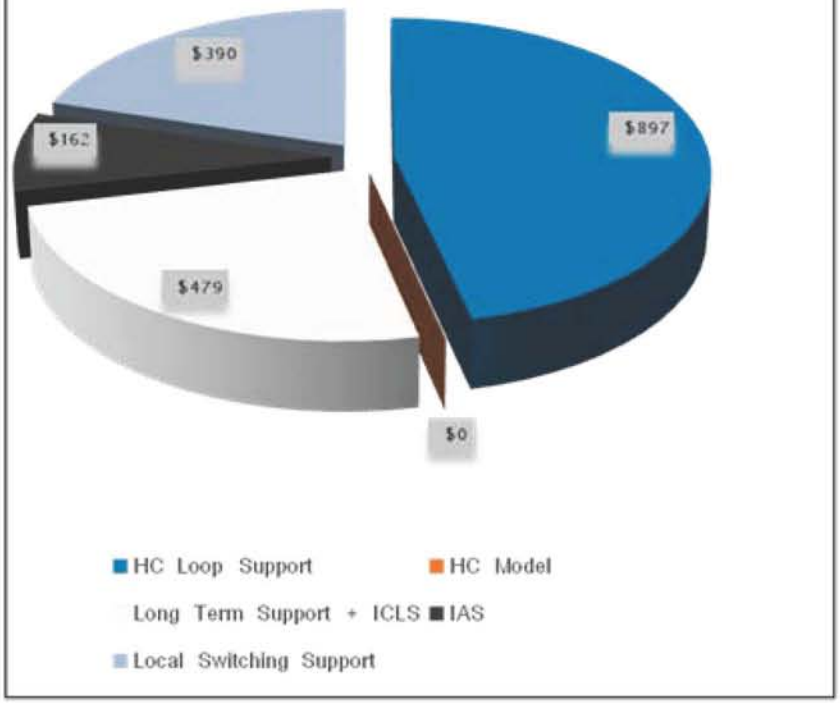
Over 20 percent of all US households have now cut the wire and exclusively use cell phones for voice communication



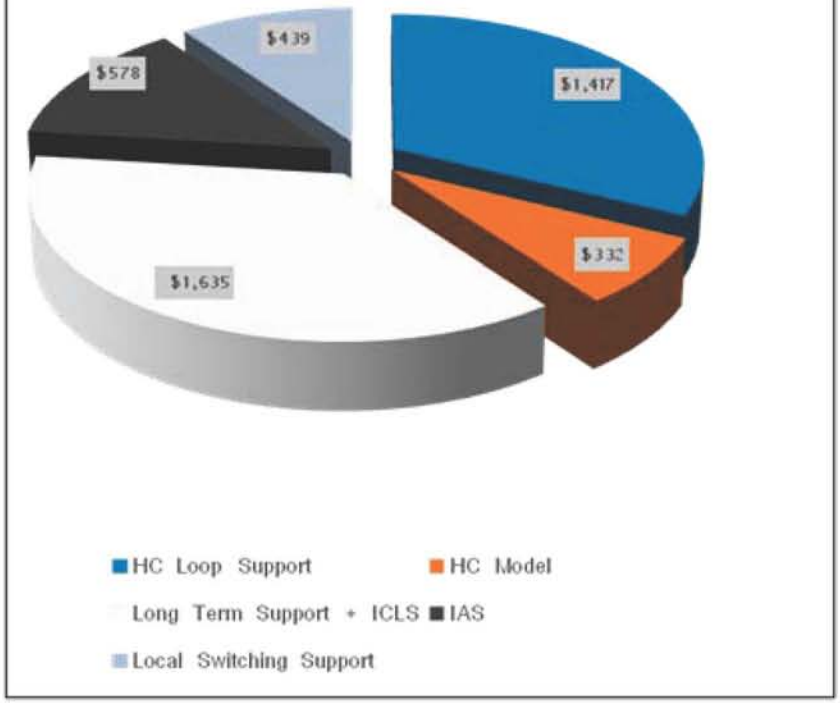
Federal Universal Service Revenues

FEDERAL UNIVERSAL SERVICE SUPPORT - ALL RECIPIENTS (ILECs & CETCS) HIGH COST MECHANISMS

Total Funding for 2000: $1.9 B



Total Funding for 2009: $4.4 B



Federal High Cost Support Programs by Major Categories

All Recipients

Data in Millions	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
HC Loop Support	$ 898	$ 964	$ 1,065	$ 1,080	$ 1,218	$ 1,293	$ 1,359	$ 1,463	$ 1,464	$ 1,417	$ 1,361
HC Model	$ -	$ 200	$ 228	$ 237	$ 272	$ 293	$ 336	$ 347	$ 352	$ 332	$ 322
Long Term Support + ICLS	$ 479	$ 493	$ 685	$ 900	$ 1,062	$ 1,197	$ 1,260	$ 1,421	$ 1,611	$ 1,635	$ 1,665
IAS	$ 163	$ 574	$ 611	$ 619	$ 646	$ 748	$ 717	$ 711	$ 680	$ 578	$ 579
Local Switching Support	$ 390	$ 390	$ 402	$ 430	$ 457	$ 471	$ 487	$ 500	$ 474	$ 439	$ 386
Total Support	**$1,929**	**$2,621**	**$2,991**	**$3,266**	**$3,655**	**$4,001**	**$4,159**	**$4,442**	**$4,581**	**$4,401**	**$4,312**

ILEC Only

In Millions	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
HC Loop Support	$ 897	$ 921	$ 1,039	$ 1,058	$ 1,055	$ 1,060	$ 1,047	$ 1,050	$ 1,034	$ 1,008	$ 962
HC Model	$ -	$ 205	$ 214	$ 207	$ 219	$ 222	$ 213	$ 198	$ 186	$ 171	$ 158
Long Term Support + ICLS	$ 390	$ 484	$ 653	$ 871	$ 889	$ 945	$ 951	$ 986	$ 1,032	$ 1,085	$ 1,110
IAS	$ 163	$ 576	$ 608	$ 605	$ 596	$ 596	$ 556	$ 520	$ 494	$ 471	$ 482
Local Switching Support	$ 390	$ 388	$ 374	$ 379	$ 385	$ 390	$ 384	$ 375	$ 340	$ 320	$ 281
Total ILEC	$ 1,840	$ 2,575	$ 2,889	$ 3,121	$ 3,144	$ 3,214	$ 3,151	$ 3,128	$ 3,086	$ 3,054	$ 2,993
Total CETC			$ 102	$ 145	$ 511	$ 787	$ 1,008	$ 1,313	$ 1,495	$ 1,347	$ 1,320

Note- For Comparison purposes, Safety Valve and Safety Net support mechanisms are excluded across all data years.

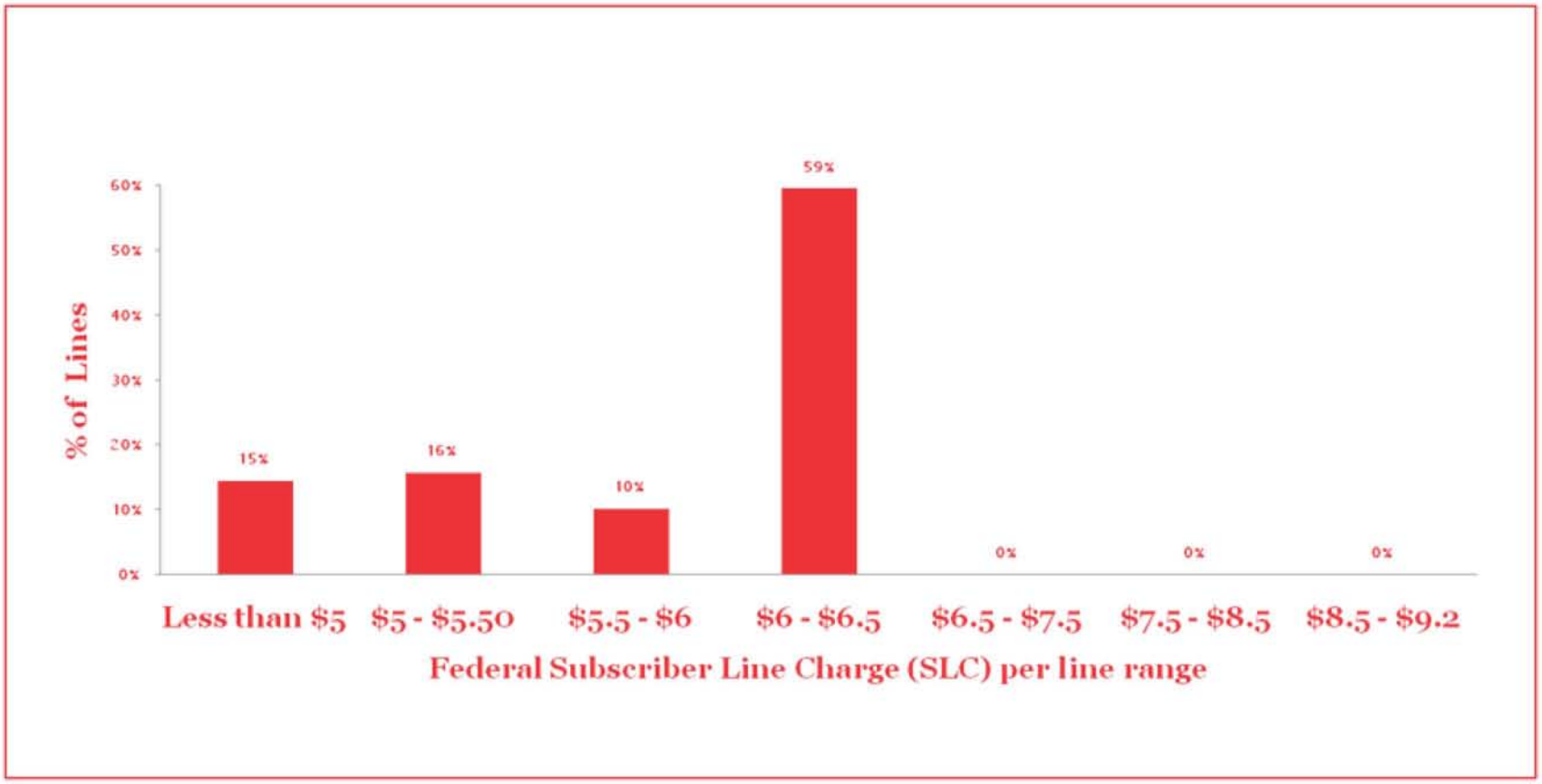
2008 Support amounts forward include capped support for CETCs.

2010 represents 1Q2010 annualized

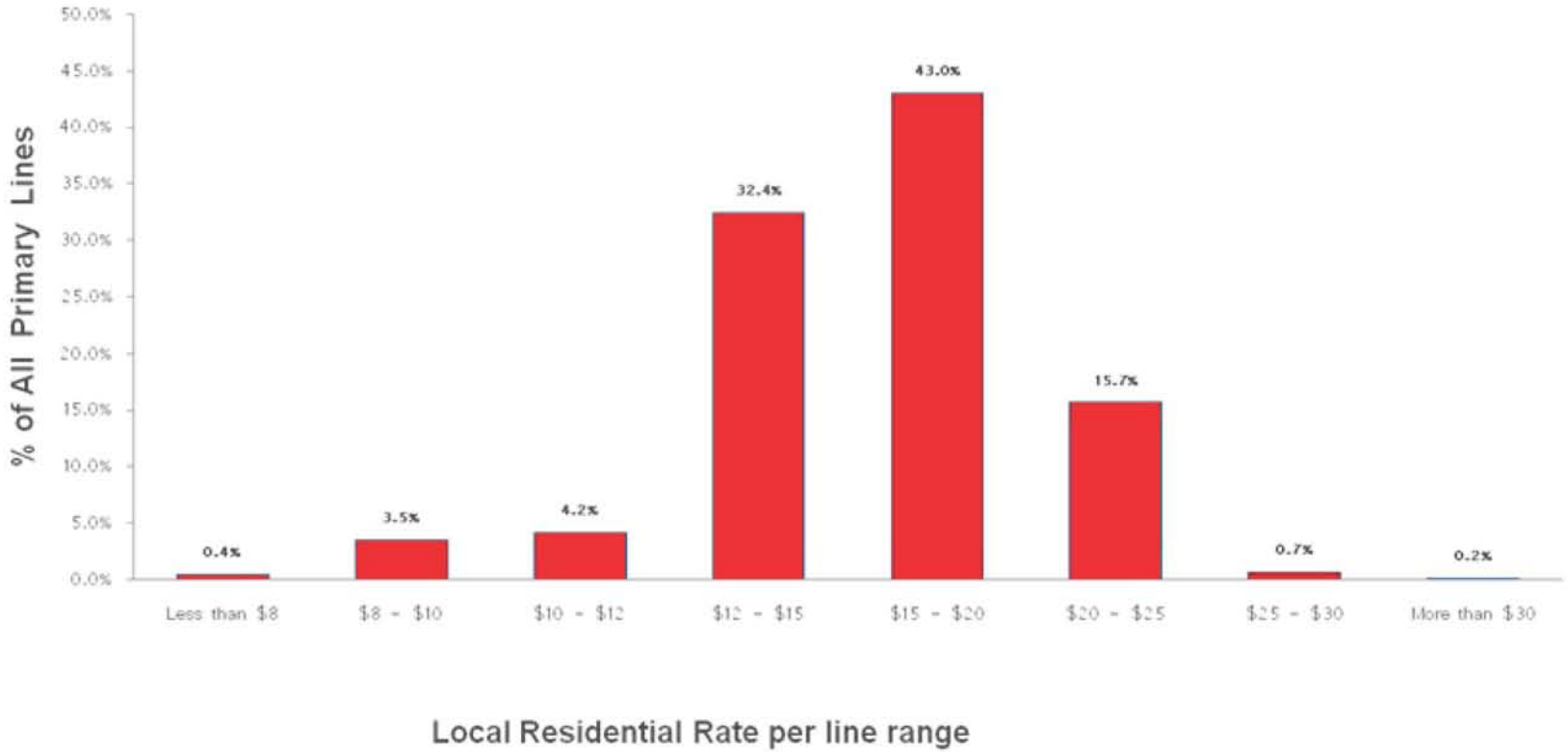
Source: USAC Quarterly Filings Appendix HC-01

HISTOGRAMS

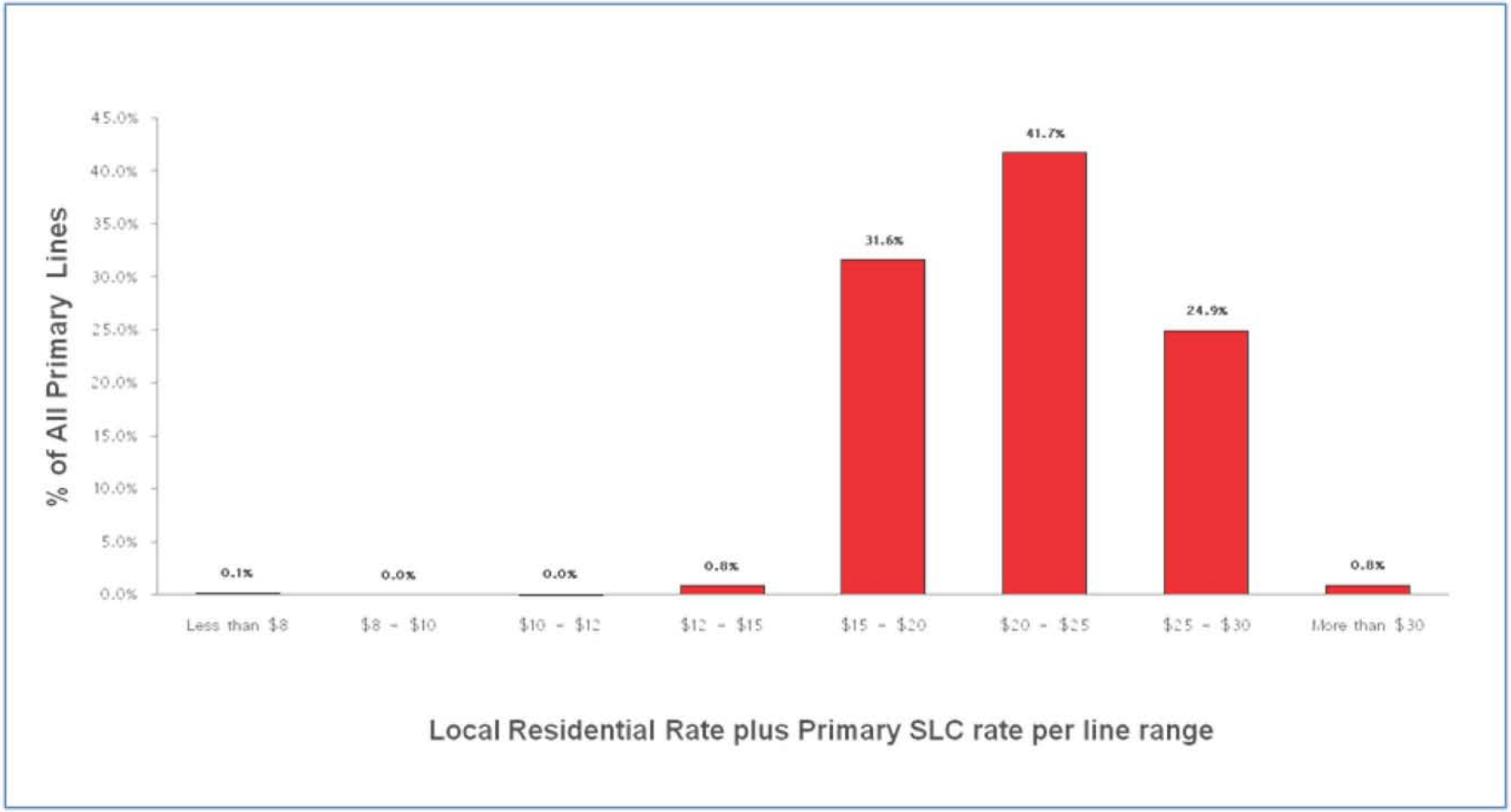
Distribution of Primary Residential Lines by Federal Subscriber Line Charge



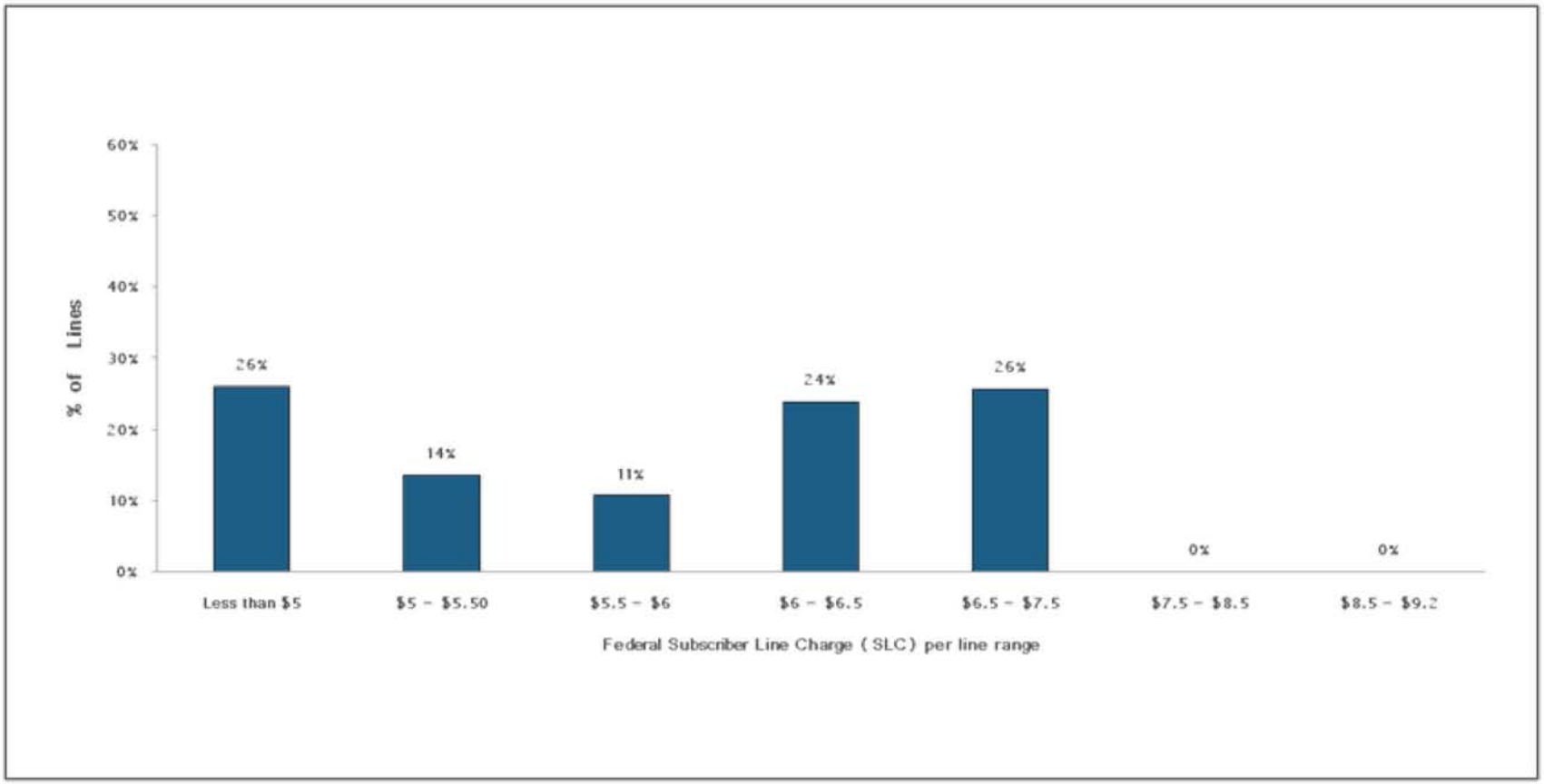
Distribution of Primary Lines by Local Residential Rate



Distribution of Primary Residential Lines By Local Residential Rates Plus Primary SLC



Distribution of Non-Primary Residential Lines by Non-Primary Subscriber Line Charge



Distribution of Multi-Line Business (MLB) Lines by MLB Subscriber Line Charge